

Mr. Robert Puente, President/CEO
Ms. Nancy Belinsky, Vice President/General Counsel
San Antonio Water System
2800 U.S. Highway 281 North
San Antonio, Texas 78212

Re: United States of America and State of Texas v. San Antonio Water System
Civil Action No. 5:13-cv-00666-DAE

Dear Mr. Puente and Ms. Belinsky:

The United States Environmental Protection Agency ("EPA") and State of Texas are jointly issuing a demand for stipulated penalties pursuant to Section IX, paragraphs 67 and 68 of the above-referenced Consent Decree for sanitary sewer overflows ("SSOs"). Under paragraph 67, stipulated penalties accrue in the amount of \$500 per day for each SSO that reaches Waters of the United States or State Waters and in the amount of \$350 for SSOs that do not reach said Waters and occur within four years of Lodging of the Consent Decree. From June 23, 2013 through July 31, 2014, two hundred and twenty eight (228) SSOs have been reported by SAWS, triggering the stipulated penalty provisions in paragraphs 67 and 68 of the Consent Decree. Attached and incorporated herein is a table of the SSOs giving rise to the stipulated penalties in the amount of \$92,600. The U.S. Department of Justice, EPA, the Texas Commission on Environmental Quality, and SAWS have had several conversations regarding SSOs and stipulated penalties. After consultation between the United States and the State of Texas ("Plaintiffs"), the Plaintiffs demand stipulating penalties in the amount of \$46,300 for the SSOs that occurred from June 23, 2013 through July 31, 2014. Plaintiffs have exercised enforcement discretion to reduce the total amount of stipulated penalty demand in this instance. However, Plaintiffs remain concerned about the frequency and severity of SSOs that have continued to occur since Lodging of the Consent Decree. Plaintiffs remain hopeful that San Antonio Water System ("SAWS") will work to achieve compliance with the terms of the Consent Decree moving forward.

SAWS shall pay the demanded stipulated penalties in accordance with the terms specified in Section VIII of the Consent Decree with fifty (50) percent going to the United States and the other fifty (50) percent going to the State of Texas. The stipulated penalties are due within thirty (30) days of receipt of this letter. If you have any questions regarding this matter, please contact the undersigned.

Sincerely,

John Blevins
Director
Compliance Assurance and
Enforcement Division

TCEQ signatory